

Environmental Fee

This publication is designed to provide basic information about California's environmental fee. If you have questions that are not answered in this publication, please contact us (see reverse).

What is the environmental fee?

Businesses in industry groups that use, generate, or store hazardous materials or that conduct activities related to those materials must pay California's environmental fee. The fee provides revenue for the California Hazardous Waste Management Program, which is administered by the Department of Toxic Substances Control (DTSC).

The DTSC is responsible for

- Tracking hazardous waste from the point of generation to its final destination.
- Inspecting hazardous waste cleanup sites.
- Providing regulatory control over generators of hazardous waste and facilities that treat, store, or dispose of hazardous waste.

Businesses pay the fee to the State Board of Equalization. It is then deposited into the state's Toxic Substances Control Account.

How does the state determine which industry groups are subject to the environmental fee?

The DTSC uses the broad legal definition of hazardous materials in determining which industry groups use, generate, store, or conduct activities related to those materials.

Each year, the DTSC sends the federal Standard Industrial Classification (SIC) codes or North American Industry

Classification System (NAICS) codes for the industry groups that the DTSC has determined are engaged in activities subject to the environmental fee (SIC codes and NAICS codes classify industries by business activity). At this time, all industry groups and SIC codes or NAICS codes that are not specifically exempt are included in the list (see exemptions in next column).

Which businesses must register and file returns?

In the past, only certain corporations were required to register and file returns. With the passage of Assembly Bill 1803 (Stats. 2006, ch. 77), the fee was expanded to include other types of business organizations. Most businesses operating in California must register with us and file environmental fee returns if

- They have 50 or more employees,
- Each of whom was employed more than 500 hours in California during the prior calendar year.

These include

- Sole proprietorships
- General partnerships
- Limited partnerships
- Limited liability partnerships
- Limited liability companies
- Corporations (including nonprofit corporations, "S" corporations, and out-of-state corporations)

Businesses with fewer than 50 qualifying employees are not required to register or pay the fee. However, any

business that receives an environmental fee return must file it by the due date (see "When is the fee due?" on the reverse).

Parent vs. subsidiary corporations

Parent corporations should contact their wholly-owned subsidiary corporations to find out if they are registered with us. If not, the parent company must include information for the subsidiary corporation on the parent company's return. A subsidiary corporation that is registered under its own account number should file separately.

Which businesses are not subject to the fee?

As noted above, businesses with fewer than 50 qualifying employees are not subject to the environmental fee. The following are also exempt:

- Private households (SIC code 88).
- Nonprofit residential care facilities (SIC code 8361 or NAICS codes 623312, 62322, and 62399).
- Insurance companies that pay tax on gross premiums in lieu of all other California taxes and licenses.
- Banks that pay a tax on net income in lieu of all other California taxes and licenses.
- U.S. Government corporations.
- Nonprofit credit unions, as defined in Financial Code section 14002.

If your business is registered for the fee and you wish to claim one of the exemptions listed here, you must file

BETTY T. YEE
1st District

BILL LEONARD
2nd District

MICHELLE STEEL
3rd District

JUDY CHU
4th District

JOHN CHIANG
State Controller

RAMON J. HIRSIG
Executive Director

your environmental fee return and explain why you think you are exempt.

When is the fee due?

The annual fee is due to us on or before the last day of February. It covers the previous calendar year. All registered businesses should receive a return to complete and mail in. If your business does not receive a return in early February, please contact us.

To avoid receiving a delinquency notice, your business must file a return, even if you employ fewer than 50 qualifying employees or wish to claim one of the exemptions listed in this pamphlet. Late payments are subject to a penalty of 10 percent, plus interest at an adjusted annual rate, as specified in the Revenue and Taxation Code.

Please note: Businesses that are required to register must file a return even if they do not receive one from us. To register, call the Environmental Fees

Division at the number listed in the next column, or download an application at www.boe.ca.gov/pdf/boe400-efa.pdf.

For More Information

Board website and Member contact information: www.boe.ca.gov

Information Center: 800-400-7115

TDD/TTY: 800-735-2929

Representatives are available to help you from 8:00 a.m. to 5:00 p.m., Pacific time; M-F, except state holidays.

Environmental Fees Division

Call us at 916-323-9555.

Or write to us at:

Environmental Fees Division MIC:57
State Board of Equalization
PO Box 942879
Sacramento, CA 94279-0057

Taxpayers' Rights Advocate. Call toll-free for help with problems you have been unable to resolve through normal channels: 888-324-2798.

How much is the fee?

The annual fee is based on the number of people who were employed for more than 500 hours in California during the previous calendar year.

Employees

Fee Rate

	2005	2006	2007
0-49	\$ 0	\$ 0	\$ 0
50-74	243	250	262
75-99	429	441	462
100-249	856	880	922
250-499	1,834	1,886	1,976
500-999	3,425	3,521	3,689
1,000 or more	11,625	11,952	12,522

Note: The fee rates are adjusted each year based on the California Consumer Price Index, as required by Health and Safety Code section 25205.6.

The annual fee is due on or before the last day of February.

Note: The statements in this publication are general and current as of January 2007. The law and regulations are complex and subject to change. If there is a conflict between this publication and the law or regulations, decisions will be based on the law and regulations.